

VERSION WITH MARKINGS TO SHOW CHANGES MADE

In the Claims:

Claims 1, 3, 4, 5, 6, 7, 8, 11, 13, 14, 16, 17, 20 and 21 have been amended as follows:

1. (Amended) A method for enabling a financial service provider to provide [manage] an [financial security] annuity comprising the steps of:

offering an [financial security] annuity to at least one investor, wherein said financial service provider charges a periodic fee over a predetermined period to said investor for [managing] said [financial security] annuity;

determining a value for said annuity at the end of said period;

declaring a periodic dividend for said [financial security] annuity; [and]

subtracting said periodic fee from said periodic dividend; and

calculating a new value for said annuity.

3. (Amended) The method of claim 2, further comprising [including] the step of reinvesting any remaining periodic dividend back into said [financial security] annuity.

4. (Amended) The method of claim 1, wherein said [financial security] annuity is comprised of individual units, each unit having an equal value and said dividend is declared on a per unit basis.

5. (Amended) The method of claim 1, wherein said [financial security] annuity is a variable annuity.

6. (Amended) A method of providing [managing] an [financial security] annuity [for] to a plurality of investors comprising the steps of:

determining a record date value of an [financial security] annuity at an end of a predetermined period;

declaring a dividend of a predetermined amount based upon the record date value;

determining a pre-dividend value of the [financial security] annuity on a dividend pay date;

calculating a pay date value of the [financial security] annuity by subtracting said dividend from said pre-dividend value;

subtracting a fee from said dividend on the pay date;

reinvesting any remaining dividend into said [financial security] annuity at said pay date value; and

calculating a post dividend value of said annuity.

7. (Amended) The method of claim 6, wherein said [financial security] annuity is comprised of individual units each having an equal value and said record date value is the value of each individual unit of said [financial security] annuity.

8. (Amended) The method of claim 6, wherein said [financial security] annuity includes at least one optional benefit and said fee is charged to each investor based upon the optional benefits selected by the individual investor.

11. (Amended) A method for enabling a financial service provider to provide optional benefits to investors of an [financial security] annuity, said method comprising the steps of:

offering one or more units of an [financial security] annuity with at least one optional benefit;

determining a cost for each optional benefit per unit of the [financial security] annuity;

enabling investors of said [financial security] annuity to select or choose not to select at least one optional benefit;

determining a first value of said unit;

choosing a dividend amount per unit of the [financial security] annuity that is at least as large as a maximum potential cost for said optional benefits;

declaring said dividend amount per unit;

calculating a pay date unit value for said unit by subtracting said dividend amount from said first value; and

subtracting the cost of any selected optional benefits from said dividend amount;.

13. (Amended) The method of claim [12] 11, wherein said method further comprises [includes] the step of reinvesting any remaining dividend back into said account at said pay date unit value.

14. (Amended) A method of managing a variable annuity, wherein the variable annuity comprises a plurality of units each having an identical price and each unit being owned by at least one investor, said method comprising the steps of:

offering a variable annuity with a plurality of optional benefits to the investor;

determining a pre-dividend price per annuity unit;

determining an option fee per annuity unit for each optional benefit and combination of optional benefits;

enabling the investor to select whether to include any of said plurality of optional benefits;

choosing a dividend amount per annuity unit that is at least as large as the maximum potential amount of said option fee for said optional benefits;

declaring said dividend amount;

calculating a post-dividend price per annuity unit;

subtracting said option fee for any selected optional benefits from said dividend amount; and

reinvesting any remaining dividend back into said variable annuity at said post-dividend price.

16. (Amended) A method of accounting for the payment of [management] fees associated with [managing] an [financial security] annuity product, wherein the [financial security] annuity product includes one or more optional benefits that may be selected by an investor, and the [management] fees vary depending upon the optional benefits, if any, selected, said method comprising:

assessing a pre-dividend unit price for the [financial security] annuity, wherein each unit is of equal value;

declaring a dividend amount for each unit of the [financial security] annuity;

subtracting at least a portion of the fee associated with [managing] the [financial security] annuity from the dividend amount to result in a dividend remainder;

calculating a new unit price for the [financial security] annuity by subtracting the dividend amount from the pre-dividend unit price; and

reinvesting the dividend remainder by purchasing additional units of the [financial security] annuity at the new unit price.

17. (Amended) A method in accordance with Claim 16, wherein said [financial security] annuity product is a variable annuity.

20. (Amended) An [financial security] annuity product comprising, one or more [financial security] annuity units wherein at least a portion of the fee charged in association with [management of] the [financial security] annuity is deducted from a dividend periodically declared for each [financial security] annuity unit.

21. (Amended) An [financial security] annuity product in accordance with claim 20, said product additionally comprising one or more optional benefits that can be selected by an investor, wherein an option fee charged for the [management of the financial security] annuity unit varies depending upon the optional benefits selected by the investor, and wherein the option fee is deducted from a dividend declared for each [financial security] annuity unit.